

IN THE
United States Court of Appeals

FOR THE NINTH CIRCUIT

TEMPLETON PATENTS, LTD.,)

Plaintiff-Appellant,)

vs.)

No. 18899

J. R. SIMPLOT COMPANY,)

Defendant-Appellee.)

TEMPLETON PATENTS, LTD.,)

Plaintiff-Appellant,)

vs.)

No. 18900

J. R. SIMPLOT COMPANY,)

Defendant-Appellee.)

APPELLANTS REPLY BRIEF

FILED

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PREFATORY NOTE

This single Appellant's Reply Brief will answer both Appellee's Brief in the "Patent Case", 18899 (herein cited to as "99 D. B.") and the one in the "Contract Case", 18900 (herein cited to as "00 D. B."). There is so much "contract" argument in appellee's patent brief and so much "patent" in appellee's contract brief that undue repetition can be avoided and appellee's inconsistencies most effectively pointed out in this way. Unavoidably, this "two-in-one" reply will exceed the twenty pages allotted by Rule 18.2(e) for a reply in a single case; it will not, of course, exceed the forty pages appropriate for two cases.

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APPELLANT'S REPLY BRIEF

I. DEFENDANT'S DISTORTIONS EXPOSED

Appellee's two Briefs vindicate the Baconian aphorism that the search for truth is hindered less by error than by confusion. . It is easy to correct errors, it is less easy to dispel confusion. Before turning to the various legal arguments advanced by defendant-appellee, plaintiff's counsel will discharge a duty, not only to their client, but to this Court, by exposing the most flagrant distortions of the record employed by defendant.

Defendant states falsely, for example, that Judge Taylor found one of the patentees to be a copier, that Templeton had no rights under any patent in March 1949, and that only claims 3 and 7 of Volpertas, those in suit, are directed to potatoes. The brunt of defendant's false statements is reserved for Mr. Templeton. Distortions, amounting in substance to fabrication, are used to attack his expertise, his good faith in negotiating with defendant, and his credibility at trial. All of these

distortions are succinctly exposed in the sub-sections that follow:

(a) Did Templeton Fail to Recommend Addback in 1949?

Defendant castigates Templeton for his failure to recommend addback to Kueneman in March 1949 (99 D. B. 59). He implies that Templeton withheld the one process which he knew was worthwhile and beneficial. A serious charge if true; however, it is false. Kuene- man wrote to Troxell on March 16, 1949, describing the processes demonstrated by Templeton. One of the three processes was the Vol- pertas addback (PX 9, III-231) which Kueneman, at the time, dis- counted (T. 874).

Simplot had in 1945-46 begun to make granules by an early "freeze-squeeze" process (PX 9, III-228) which Kueneman still re- garded as good. In the above letter he stated:

"We definitely do not wish to rule out the original processing plans since they may eventually prove to be superior to those proposed by Temple- ton on his current visit." (PX 9, III-229)

Mr. Dunlap, Simplot's Food Technologist, stated in contemporane- ous notes that the Rivoche "freeze-squeeze" appeared "the most practi- cal approach" and gave the best product; the second best product was made by the hot air drying of Faitelowitz and the poorest product was the addback (PX 10, III-234-240).

Mr. Templeton made two recommendations. First was to begin production promptly on a modest scale, using existing equipment which limited consideration to the Faitelowitz hot air predrying (PX 8, III-50) since Mr. Simplot wished to be recognized promptly as a granule pro- ducer (PX 8, III-55). Second was to begin a broad range of lab work to determine the best particular process for the unique flavor and color of Idaho potatoes (PX 8, III-52; PX 9, III-231). It thus is just not true that Templeton failed to recommend addback.

(b) What Templeton Owned in 1949

In both briefs (99 D. B. 58, 00 D. B. 15), defendant asserts that plaintiff had no rights to back up his offer in March 1949. It ignores that the previous fall Volpertas and Rivoche had granted to Templeton the entire right to exploit their patent rights in the U. S. A. through an exclusive license with right to sublicense all their rights in the F-V-R patents (DX 15, I-12). This ignoring of plain matters of record repeats in this litigation the same conduct plaintiff has complained of in Mr. Beale that thwarted the realization of the Templeton-Simplot "deal" of 1949 and made the litigation necessary. If it were true that Mr. Templeton had no rights in F-V-R in March 1949, it was and is a very serious charge against Mr. Templeton. If, however, such assertion is sham, it is an equally serious charge against one who makes it to cause negotiations to fail and urge dismissal in this Court.

(c) Was Rivoche an "Original" Inventor?

Defendant misrepresents the trial court findings when it says (99 D. B. 53) that Judge Taylor found Rivoche was not the original inventor of the subject matter of his claims in suit. As defendant well knows, the twin statutory requirements that an applicant be the "original and first inventor" (R. S. 4920) are now expressed in 35 U. S. C. §§ 102(a) and (f). The applicant must be first and he must in fact be an inventor, not a copier. The Court, contrary to what defendant says, found that Rivoche was, in fact, an original inventor ("his improvement", "Rivoche's contribution", 99 R. 112). Defendant's charge that the Court found Rivoche a copier (and necessarily a perjurer, 35 U. S. C. §115, PX 3, II-94) is completely false.

(d) Repudiation

Defendant again misrepresents for its benefit the Trial Judge's Findings.

It asserts without citation that the trial court found that the plaintiff, by refusing to execute any contracts prepared by defendant, repudiated any supposed agreement (00 D. B. 43). What the record shows is that defendant prepared one draft "forwarded on December 16, 1949. . . substantially differing from the initial proposal" (Finding VIII, 00 R. 47) which plaintiff did refuse. The substantial difference was, of course, that Troxell blandly proposed to extend the "free option" of the original proposal well into an additional year.

(e) Termination

Defendant falsely asserts that Templeton "terminated" in the fall of 1949 (00 D. B. 43). This is contrary to both the Findings and the evidence. The Court found:

Templeton by letter advised he would terminate unless the parties came to terms (Finding VIII, 00 R. 47).

The letter the Judge had reference to is quoted by defendant elsewhere (00 D. B. 11). Defendant's response was a meeting in New York City (PX 8, III-144) followed by its own proposed Troxell draft, and negotiations continued without any repudiation.

(f) Templeton's Expertise

Defendant states Templeton credited Faitelowitz with being the first to observe a potato under microscope (99 D. B. 19). If true, this might well reflect on Templeton's expertise in the field. The record shows the complete opposite, however. It was Mr. Beale who suggested

such a thought and Mr. Templeton who refused it (T. 1410).

Defendant also attacks Mr. Templeton's expertise because he did not know that "biltong" was South African jerked meat (99 D. B. 51). While it is quite possible that Mr. Templeton is out of touch with developments on the African Veldt, defendant has not proved it in citing its expert Kueneman's testimony about his own travels. The "biltong" matter is just another example of innuendo against the qualification of plaintiff's expert witness based on fabrication.

(g) Judge Taylor's Suspicion

Defendant (99 D. B. 10) implies that the nature of Mr. Templeton's testimony led the Judge to consider that Mr. Templeton's obvious and unconcealed interest reflected on his credibility. Plaintiff has to admire the abandon, if not the discretion, with which defendant now tries to distort its own faux pas to its present benefit. A glance at the testimony, reproduced for convenience in the Appendix hereto at p. A-1, will show that Judge Taylor's comment was a combination of exasperation and amusement when defendant's counsel, after a lengthy foundation of Templeton's past business experience and plaintiff's historical corporate existence, proved by admission that Mr. Templeton was in fact the Templeton of Templeton Patents, Ltd.

(h) Disclosure of Title

Defendant twice asserts (00 D. B. 7 and 14) that plaintiff made no disclosure of the Faitelowitz title infirmities at the March 1949 meeting to either Simplot or Troxell. An interesting thought but untrue.

"[Troxell] well he delivered to me a copy of the Faitelowitz patent. . . He told me 75 percent had been assigned to a man named Bunimovitch. . ." (T. 1310).

Thus defendant is contradicted by his own witness. Templeton disclosed all the information he then had about the Faitelowitz title. Every copy of the Faitelowitz patent sold by the Patent Office since 1938 has borne on its face "assignor of seventy five percent to Marcos Bunimovitch". (PX 1, I-6).

(i) Government Negotiations

Defendant accuses Templeton of bad faith because he went from Boise to Washington in 1949 to negotiate with the Government (99 D. B. 57). The record shows that his purpose was to find a customer, not a competitor, for Mr. Simplot (T. 737) as he wrote him that month (PX 8, III-72).

(j) Maine Potato Drying

Defendant accuses Mr. Templeton of bad faith in negotiating in 1949 with the Government about certain potato drying in Maine and in concealing his relationship to a firm other than Simplot operating in that state (99 D. B. 57). The facts are completely contrary. The Maine firm involved, Westfield Starch Company, was then interested in producing potato flour* (T. 833, 838), a prior product completely different in composition and use from the granule product here involved. Mr. Templeton was never even asked if this was the same company which

* Although the name is similar neither infringement nor breach is proved or disproved by verbal similarity. Templeton described potato flour at the trial as "a product which is almost like bill stickers' past, it's gooy and gluey and you can almost pick it up as one." (T. 219-220). It is used as indirect human food (T. 246).

the previous year had expressed an interest in granules although it undoubtedly was (T. 681, 682). In short, the only concealment and misrepresentation was by the defendant before this Court.

(k) Plaintiff Held to the Bargain

Defendant asserts that plaintiff by licensing others in July 1950, violated the agreement (00 D. B. 43). This is a completely false assertion. The "Heads of Agreement", Edmonds' "Draft", and "Annotated Heads" all stipulated that if the first year minimum royalties were not paid, the license would become non-exclusive. Plaintiff punctiliously held to the agreement thus evidenced.

(l) Hume Negotiations

Defendant (99 D. B. 57; 00 D. B. 6) finds plaintiff to have had "unclean hands" and Templeton to have been guilty of bad faith in going from Boise to San Francisco and there discussing granules with the Hume interests, inferentially "double-dealing" with Simplot. If there were truth in this allegation, it would do much to destroy plaintiff's contract theory. On the contrary, it shows the deceptive possibilities of a half truth. Mr. Templeton had met the Humes in 1945 (T. 668) and did meet them again in 1949, as he wrote Simplot (PX 8, III-73). But what he wrote Simplot (PX 8, III-73) in conspicuous candor about the role to be assigned Hume in the development of the industry in the U. S. was simply that Hume might effectively "handle part of this [the institutional trade] division" in parallel to a like role to be handled by Templeton's own proposed "FMS (America) Inc.", i. e. marketing of product made and supplied by Simplot (PX 8, III-58).

(m) The Recognition in Britain

Defendant asserts (99 D. B. 64) that Templeton was making a statement "contrary to fact" when he claimed that the F-V-R patents had been sustained and recognized in England. To bolster this assertion defendant urges that Templeton admitted on cross-examination that only Volpert II, in British counterpart, had been "sustained". The implication, false, is that the others were either not owned or not sustained or not recognized. Both Volpertas' patent and Rivoche's were involved in the British litigation; but the issue was narrowed to Volpertas II (T. 680); and no patent was finally adjudicated as the opposer withdrew and took a license under the British Volpertas and Rivoche (T. 679) with a right to acquire a United States license under all F-V-R patents. In short, Templeton was accurate in saying the patents had been sustained and recognized and defendant attempts to distort the record to imply otherwise.

(n) The Myth of "Mutual Exclusivity"

Defendant asserts (99 D. B. 7; 00 D. B. 42, 47) that Templeton admitted the several methods of the patents were "mutually exclusive". This is a gross distortion of his testimony and plainly contrary to the basic premise of this lawsuit and the facts. After several pages of cross-examination of the several applications, Mr. Templeton said:

" . . . you can do throughout the Faitelowitz principle, subject to that one qualification, you can do Volpert add-back without any further assistance." (T. 787).

While Mr. Templeton's syntax was wearing thin on the evening of his fifth day of cross-examination, his meaning was clear. He used "principle" to mean "invention" and he said that the practice of every

one of the various particular methods of Volpertas and Rivoche used the Faitelowitz inventive method of two-stage drying with the intermediate production of a moist powder, and that you can use Volpertas outside the Rivoche requirement. While defendant is free to deny Mr. Templeton's conclusion, it is not free to assert that Templeton testified to the contrary.

(o) Plaintiff's Arguments Misrepresented

(i) Defendant states (99 D. B. 55-56):

"Plaintiff now asserts in this case that defendant is licensed and therefore cannot contest validity."

This is an interesting thought, but is not what plaintiff said on page 13 of its brief. What plaintiff did say was that if defendant is established to have been "a licensee" it "has obvious bearing on the patent issues". This is, of course, true, especially in that plaintiff cannot recover against defendant once as a licensee and again as an infringer for the same pound of product.

(ii) Defendant states (99 D. B. 62) that

"plaintiff's position is that publication by Rivoche [in 1950] received immediate commercial acceptance. This is absurdity on its face."

Absurdity it is, for plaintiff never said it and it is contrary to fact.

Rivoche's French patent was published in 1942 and his English in 1948 (DX 21, II-25).

(p) The Exclusive Provision Not Withdrawn

Defendant asserts (99 D. B. 57) that plaintiff is guilty of bad faith because it offered, then withdrew, then re-offered an exclusive license. Another fabrication of the record. All three were exclusive licenses (even if Mr. Edmonds' draft did not say so ippisimus verbis). See

Mechanical Ice Tray Corp. v. General Motors Corp., 144 F.2d 720 (2 Cir. 1944). To say Mr. Edmonds withdrew this feature is completely refuted by the record.

(q) The Rivoche U. S. Disclosure and Claims

Defendant asserts the Rivoche U. S. disclosure was "extensively and improperly changed" (99 D. B. 6); the submission of the claims in suit was "coldly calculated" and "violated nearly all the patent statutes" (99 D. B. 40); and that the claims were "interloper" claims (99 D. B. 43). Such an assertion would be sound, if, in the Rivoche U. S. application as filed, there was no disclosure of the "adback-to-moisture-level-below-50%" method or claim to distinguish this and of the Rivoche invention from "freeze-squeeze" and other variants. Since there were both in the application as submitted, reproduced for convenience in pertinent part in the Appendix hereto at page A-2, defendant's assertions are a gross distortion of the record.

(r) The Attempted Misconstruction of 35 U. S. C. § 104

Defendant suggests that the testimony of Mr. Templeton concerning the demand for an instant mashed potato product and the circumstances surrounding the making of the inventions of the patents in suit was inadmissible (99 D. B. 5-6). It does so by a distortion of the accepted (and clear) meaning of 35 U. S. C. § 104 so gross as to raise a question of sincerity. By its terms, § 104 relates only to proof of dates of invention. Plaintiff accepts without question that its dates of invention are those established by § 119, i. e. the relevant foreign application dates. But the state of the art under § 102 and the matter of obviousness under § 103 are illuminated by evidence from all over the world, both as that evidence may tend to sustain or disprove the fact of invention. Mr. Templeton's evidence

II. FEDERAL RULE 52(a)

This Court had undoubtedly observed that the true definition of an unreviewable finding of fact, as it may be gathered from various appellee's briefs, emerges as any statement made by the trial judge favorable to the appellee. The defendant here enlarges on this theme somewhat. It apparently believes that the above rule not only insulates its present position, but gives it a special warrant to attack every finding unfavorable to it.

In the patent brief defendant argues that Faitelowitz is a "paper patent" and "fatally indefinite", Volpertas was "limited by prior art" (despite the assertion he was the father of addback [99 D. B. 53]), Rivoche was anticipated by art other than Faitelowitz and Volpertas, and that there was no peacetime demand for granules during 1945-1949. These assertions are contrary to Findings V, VI, VIII and XXVIII (99 R. 97-99, 113). Defendant joins plaintiff (99 D. B. 22), albeit for other reasons, in attacking Finding XVI (99 D. B. 104) which stated that the direction to predry at less than 105° C. meant dry by heat. Defendant's position is that the Court was wrong, the direction means dry at any temperature below 105° C., and is therefore fatally indefinite.

In the contract brief defendant repeats the nonsense about peacetime demand, and expressly attacks the Judge's Finding IX (00 D. B. 25) that Templeton supplied technical information of some benefit. It would thus appear that the defendant's case, not the plaintiff's case, really depends on a de novo trial of factual issues, not merely on the review of conclusions denominated as facts.

Defendant, in both briefs, appears unhappy with plaintiff's statement of the case. It carefully avoids, however, pointing out wherein that statement is inaccurate. This Court might well find that defendant

has "accepted" it. Defendant, in the patent brief, strongly urges that findings based on disputed testimony should be respected. Characterizing one's own expert witness as an "independent engineer of high qualifications" and the opponent's as a "self-appointed expert and at times oracle" does not create a conflict in testimony (99 D. B. 9-10).

Defendant at 99 D. B. 63 further asserts the novel theory that this Court is precluded by F. R. Civ. P. 52(a) from deciding the issues of validity of Faitelowitz and Volpertas and infringement of Rivoche because the Trial Court did not eo nomine state his legal conclusions on these matters. Faitelowitz, the Court found, made "the first substantial contribution to the art of processing an instant mashed potato powder" (Finding VI, 99 R. 98). "It served as the basic idea for successful processes which followed his initial breakthrough" (Finding VII, 99 R. 99).

Volpertas is admitted by the defendant to be "the father of add-back" (99 D. B. 53). "Volpertas was the first to apply it (add-back) to a process for making an instant mash potato powder" (Finding VIII, 99 R. 99).

Rivoche, plaintiff repeats, is literally infringed. While defendant says "infringement... is by no means conceded" (99 D. B. 63), defendant's own description of its process (99 D. B. 26-27) when compared with the Rivoche claims in suit (99 D. B. 40a) make such a concession redundant.

As this Court has repeatedly ruled, a remand for additional findings is unnecessary if the record enables this Court to gather a full understanding of the question presented. Jones & Guerrero Co. v. Smith, 292 F. 2d 815, 818 (9 Cir. 1961); Yanish v. Barber, 232 F. 2d 939, 947 (9 Cir. 1956).

III. THE FAITELOWITZ PATENT

An Englishman's "Admission"

This Court undoubtedly remembers the famous egg who said, "When I use a word, it means just what I choose it to mean - neither more nor less."

Defendant not only rests its case squarely on Humpty Dumpty, it carries it one step further. When Mr. Templeton uses the word "principle" it means just what defendant's counsel now chooses it to mean - nothing more and nothing less.

At the risk of dignifying this argument, plaintiff would like to point out that Mr. Beale's present artificial insistence on the distinction between "principles" and "methods" is compromised by his own past usage. At trial when Mr. Beale meant the Faitelowitz hot air pre-drying method, he said principle (T. 564), when he meant the Volpertas adback pre-drying method he said principle (T. 665) and when he meant the Rendle (Rivoche) method he said principle (T. 684).

In our Main Brief (pp. 87-88) it was pointed out that Mr. Templeton, a layman, used "principle" consistently to mean the pioneer invention of two-stage drying with the production of a moist powder as an intermediate product and "method" in the sense of "exact procedures and apparatus".

To quote defendant's opening statement at trial:

"... Congress provided in the new patent Law [1870] there was a burden on the inventor not to attempt to cover a mere principle or idea of what he wanted to do but there was a requirement to disclose so that posterity could use it after the expiration of the patent - the how to get from here to there." (T. 946)

This is plaintiff's case. Faitelowitz tells how to turn a potato into a dehydrated powder, reconstitutable as a palatable dish of mashed

potato. Defendant has cautiously avoided answering plaintiff's contention (Main Brief, pp. 81-96) that the direction to produce a moist powder between the stages of a two-stage drying of a cooked potato is a description of "process" within the meaning of 35 U. S. C. § 101 and patentable if the other requirements of Title 35 are met. Defendant has not controverted plaintiff's assertions that the only "unpatentable principles" within the meaning of the decided cases are descriptions of results without directions and laws of nature without a stated practical application.

Disclosure of Cells and Drying

Defendant's attacks on the disclosure are equally without merit. Defendant solemnly asserts (99 D. B. 17) the disclosure fails to reveal cell or granule separation because, when written in 1937, it failed to use terminology popular in 1962. Defendant goes on to assert that because an 1898 patent uses the word "granule" it anticipates Faitelowitz' invention (99 D. B. 19).

"That's a great deal to make one word mean,"
Alice said in a thoughtful tone.

"When I make a word do a lot of work like that,"
said Humpty Dumpty, "I always pay it extra."

Defendant's attack on the temperature directions recognizes the error in the Judge's findings but to reach its conclusion requires the assumption of a false rule of law.

As mentioned earlier, the Judge found (Finding XVI, 99 D. B. 104) that the direction to predry "at a temperature which also must not substantially exceed 100°C. [i. e. 105°C., PX 1, I-6]" was a direction to dry by heat. In its Main Brief, pp. 82-87, plaintiff fully exposed this error. Defendant apparently agrees since it does not urge the

direction is erroneously specific; it now urges (99 D. B. 22) the direction is fatally indefinite.

It now asserts that the specification states no temperature at which the drying must be done. Its conclusion that the specification is therefore fatally indefinite requires the assumption that the law requires a patentee to limit himself to a particular temperature when in fact a broad range of temperatures will work.

Templeton demonstrated predrying by hot air at about 100°C. Both Templeton and defendant demonstrated predrying by adback at between 15 and 85°C. The "freeze-squeeze" or "freeze-thaw" predrying worked at 0°C. Defendant's position is therefore a denial of the rule that a patentee may claim the full range of his invention.

As Judge Soper said in Procter & Gamble v. Refining, 135 F. 2d 900, 906 (4 Cir. 1943):

"There are many situations in the practice of the arts in which specific directions are properly omitted from the claims of patents because greater definition is... unnecessary to inform the art and would serve only... to invite evasion by those who desire wrongfully to misappropriate the substance of the invention."

See Minerals Separation Ltd. v. Hyde, 242 U. S. 261, 270 (1916).

Defendant correctly points out (99 D. B. 22) that if you construe different sections to invalidate, this like most legal documents can be made to appear ambiguous. Mr. Templeton answered this when he said:

"If you give a little thought and time to the matter, I do say, trying to make it work, then you see that the left-hand condensation comes in line with the example." (T. 1609).

Thus, Claim 1, which directs predrying until loss of 60% "by weight of the initial water content", standing alone, might mean 60% of the moisture or 60% of the total. However, when read with dependent

Claim 4 which directs predrying until between 50-60% of total weight is lost, the meaning becomes clear. The same two directions (T. 1609) occur in the specification. Both make eminent good sense and are consistent when the direction of Claim 1 is read as removing moisture until 60% of the total weight has been lost.

The Prior Art

Perhaps the weakest argument defendant makes is its appeal to the prior art. To quote its own authority, this is "too little - too late". It might accurately be characterized as a paper patent defense. Not once at trial did defendant care to demonstrate the processes of its prior art. The only witness to testify about the prior art, other than Mr. Templeton, was Dr. Jackson. While he may be, as defendant advertised in his brief, an independent engineer of high qualifications (99 D. B. 9), his field was mass transfer and he had never been employed in the food industry (T. 1236). His testimony while correct merely recited the obvious. One reference showed mixing raw potatoes and dried particles to produce fodder while others show mixing wet and dry starch. If the prior art was really as pertinent then as defendant now asserts, would defendant have relied on a Professor of Chemistry testifying outside his field of expertise or would it have put on its own expert, Ray W. Kueneman, whom defendant proudly billed (99 D. B. 9) as a lifelong expert in the drying and preserving of food?

A Pioneer Contribution Depreciated

Defendant apparently asserts (99 D. B. 18, 61) there was clear error in Finding V:

"The evidence discloses there had been a long felt need for an instant mashed potato powder."
(99 R. 97).

To refute the trial court it theorizes there were no granules in the United States between 1945 and 1950 because there was no demand. This theory requires us to ignore the R. T. French granule production (PX 8, III-22) and Simplot's own competing attempts at freeze-squeeze in 1947 (T. 1000) and "Minute Potatoes" in 1948 (PX 8, III-24).

Defendant finds error in Finding VI:

"The first substantial contribution to the art... was made by Arnold Faitelowitz." (99 R. 98).

Defendant repeatedly characterizes the hot air pre-drying direction in the Faitelowitz patent as "wholly useless". However, defendant's own employees stated that it made a better product than the addback pre-drying direction in March 1949 (PX 10, III-236).

Defendant argues that if this Court will only ignore the findings quoted and facts recited and assume that Faitelowitz made only a small contribution, one can then read this disclosure very strictly and find he made only a small contribution. Or is defendant really only asserting that it is using the improvements (see Main Brief, pp. 94-96) of Volpertas and Rivoche on the hopeful theory that while infringing one patent may be actionable, infringing two or three is somehow commendable?

Infringement

Defendant has asserted that plaintiff has only "half-heartedly" applied the claims (99 D. B. 16). Lest this Court believe this charge, plaintiff has herein tabulated an application at page A-3, infra. Perhaps defendant's problem is that it does not understand that by proclaiming it "water cooks which changes the potato physically and chemically" (99 D. B. 26), it has not admitted use of the step "cooking the vegetables at a temperature which must not substantially exceed 100°C."

IV. THE VOLPERTAS PATENT

Disclosure of Addback

Defendant has apparently taken to heart the admonition of Ralph Waldo Emerson that "Consistency is the hobgoblin of little minds". It rises above such petty inhibitions. When addressing itself to the adequacy of the Volpertas disclosure it proclaims the disclosure is so clear that it admits of no interpretation but that of being directed solely to the "smear-scrape" of Volpertas I (99 D. B. 29-30).

However, when addressing itself to the subject of Rivoche it states (99 D. B. 52): "The 1944 patent in suit to Volpertas is an exact anticipation of [the addback] Claim 16 of Rivoche."

Plaintiff suggests this Court find that Volpertas III (the patent in suit) discloses predrying by addback by the defendant's own fervent admission.

Benefit of Earlier Filing Date

Sec. 120 of the Patent Law states in pertinent part:

"An application... shall have the same effect, as to [the] invention, as though filed on the date of [a] prior application, if filed before... termination of proceedings on the first application."

This provision, statutory since 1952, merely codified a well-settled part of the earlier decisional law. 35 U. S. C. § 120: Revision Note. The Federal Rules (F. R. Civ. P. 15) expressly recognize the right of a party to amend his pleadings and reframe the issue within certain limits. The quoted section is a similar recognition of the wisdom of allowing a party to a patent application to redraft his "pleadings" more accurately when it causes no harm to other parties.

This is just what Dr. Volpertas did when he arrived in the United States in 1941. He saw his applications had been poorly presented and decided to exercise his right to redraft and resubmit the issue to the Patent Office without prejudice.

Defendant asserts that this Court has held "[i]n a situation, such as here," the doctrine of res adjudicata applied, citing Aetna Steel v. Southwest Products, 282 F.2d 323 (9 Cir. 1960). The rule there announced was sound but quite inapplicable. The doctrine there announced, file wrapper estoppel, was that an applicant may not accept a rejection of certain claims, in that application obtain other claims which accede to and meet the rejection, and then urge that the allowed claims be construed to cover what was rejected. As the issue was not there presented, this Court obviously had no reference to an applicant's alternative right under Sec. 120 when it stated that his remedy for rejection was appeal under 35 U.S.C. §§ 141-146.

The defendant's arguments about res adjudicata and file wrapper estoppel with respect to Volpertas I and II are therefore without merit.

Infringement

Defendant's first argument rests entirely on a mistake of law. It asserts that a claim which says -predry-cool- mechanically convert into a moist powder is not infringed by a system which puts a water or steam cooked potato (212°F.) after some cooling (7-72 °F. drop) into a container with twice its weight of unheated (about 70°F.) seed (DX 47, III-159) and mixes it for five minutes. What emerges is pre-dried, cooled, moist powder ready for final drying.

The defense is based on the not entirely accurate assertion it cools while it converts, whereas the claim is limited to cooling before

converting. There are two answers to that. First, is that until 1955-56 defendant cooled between 32 and 72°F. before it did any converting (T. 83) or mashing. But more importantly, the defendant has always produced the identical result, a predried cooled, moist potato powder.

The patent states the purpose of cooling is to render the cell walls more firm and prevent rupture (PX 2, I-42, col. 1, lines 40-45). As the defendant accomplishes this result by using this step, it is irrelevant that it cools, mashes and mixes simultaneously.

"The transposition of some of the steps in a patented process, which does not change the principle, mode of operation, or result, does not avoid infringement." Craft-Stone, Inc. v. Zenithem Co., Inc., 22 F.2d 401, 403 (3 Cir. 1927).

Defendant proceeds to find three areas of non-infringement. First is its contention that "in the absence of mechanical pressure" excludes the mashing or pug mill mixing it performs. However, the specification at one point specifically speaks of mashing before predrying (PX 2, I-42, col. 2, lines 43-44) and elsewhere prohibit excessive agitation and pressure (PX 2, I-41, col. 2, line 38). With these directions and the prior application directed to "smear-scrape" it becomes clear, beyond peradventure, that Volpertas meant without such pressure as will rupture the cell (T. 1606). This direction defendant has consistently followed. In describing Simplot's operation Mr. Kueneman wrote in 1955:

"...operations are designed to handle the product gently, avoiding mechanical damage to the fragile potato cell*** Clearance between the [mashing] rolls permits mashing the product without cell rupture." (PX 5, II-134).

On 99 D. B. 35 defendant argues strongly that it does not meet the 10°C. cooling of Claim 3 while conveniently ignoring the limitation of Claim 7 "cooling the mass" which defendant clearly meets. One does not avoid broad claims by avoiding narrow ones. Even as to Claim 3,

however, defendant's avoidance is only colorable since in the inter-partes test it cooled its moist powder in a Ducone airlift to 21°C. as soon as it was removed from the pug mill (DX 47, III-161).

Lastly, defendant argues it does not meet the limitation "in vacuo". Its entire argument rests on a fallacious and therefore wisely unstated assumption. That assumption is that "in vacuo" can only mean vacuum drying, a laboratory, not commercial procedure. However, the specification is quite clear that various amounts of vacuum or reduced pressure may be employed in the final stage as well as in the pre-drying stage. Claim 4 clearly contrasts the two terms. It specifically directs pre-drying by the vacuum drying laboratory method. e.g. "applying vacuum...until approximately 20 to 30 percent of the original weight has been lost [then] applying a higher vacuum for a loss of 25 percent more of the original weight." Claim 4 goes on to direct the final drying in terms identical with step (e) of Claim 7, save only one presently irrelevant adverb:

"...drying the moist powder under moderate heat and [vigorous] stirring in vacuo, until the water content is down to about 12 to 15 percent." (PX 2, I-43, see Appellant's Main Brief, p. 110).

No clearer evidence could be presented that in vacuo meant, not laboratory drying, but drying under a slightly sub-atmospheric pressure (Finding XIII, 99 R. 103) and conditions of effective evacuation which defendant has admittedly always done. There was no controversy that the final operation could be carried out under positive pressure. Whether this might have avoided infringement this Court need not decide as defendant has always chosen to remain at reduced pressure.

Lastly, defendant appeals to the prior art to avoid infringement. Its assertion that plaintiff may not extend its claim to cover what was known is sound. Plaintiff may not prevent defendant from producing animal fodder by mixing raw potatoes and previously dried particles (Steffen). Plaintiff may not prevent defendant from drying starch by mixing wet and dry starch (Jahn and Sprockoff).

Defendant then nimbly jumps to the conclusion that if Claim 7 be read to cover its process it also covers the above. Defendant grandly ignores that it chooses to use cooked, not raw, potatoes and adds to them potato granules, not particles, which is undoubtedly why it produces a palatable mashed potato instead of Steffen's fodder. Further, it confines itself to the potatoes called for in Claim 7 ("white potatoes grown in Idaho", 99 D. B. 25, if you will) and not the starch of Jahn and Sprockoff. In short, as defendant chose not to move off the reservation, the title of another to adjacent land is irrelevant.

Defendant's arguments have done nothing to weaken the proposition that the Volpertas patent discloses his addback method, that he had a right to re-apply for it as he did, unprejudiced by the former unsatisfactory application, and that defendant is not only using the invention (admitted), but is infringing the claim.

V. THE RIVOCHÉ PATENT

Defendant has apparently conceded infringement since it directs its arguments solely to validity. These arguments may be grouped under the headings "OBFUSCATION" and "IRRELEVANCE". Plaintiff will treat each separately. The statement that the claims are vague, indefinite and ambiguous will not be answered because it is merely another unsubstantiated conclusion, this time with neither facts nor theory.

Obfuscation

Defendant argues at length perhaps ten reasons why if Rivoche failed to disclose his invention in 1939 the present claims are invalid. Defendant here follows a sound tactic, provided it is undetected. It argues its strong points and hopes its weak link, a mere allegation, will ride unnoticed on the coat-tails of the procession.

The September 1939 Rivoche British application upon which his U.S. application priority right depends, however, covered:

"In order to produce a material with the moisture content requisite for carrying out the final stage***the material may be centrifuged or it may be subjected to a current of cold dry air, if desired under pressure, or alternatively it may be mixed with the material produced as a result of an earlier operation, or an equivalent material, in the manner described in detail below.

"***use may be then made of the property of readily absorbing moisture possessed by the products ultimately resulting according to the invention, in that a product of this kind***is admixed with the material containing excess of moisture and thoroughly incorporated therewith, yielding a mixture in which the total moisture content is reduced below 50% by weight, so that this product can then be sent forward to the final drying." (PX 3, II-54-56).

Mr. Justice Bradley in Loom Co. v. Higgins, 105 U.S. 580, 586 (1881) made the peculiarly appropriate remark:

"A great deal of testimony was introduced by the defendants to show that the patentee had failed to describe his invention. . . . When the question is, whether a thing can be done or not, it is always easy to find persons ready to show how not to do it."

Here this Court might appropriately find that the question is whether the 1939 British specification does disclose the subject of the claims in suit, not whether defendant denies that it does nor whether defendant's Appendix to its brief quotes, in extenso, other passages from that specification which disclose something else to buttress its denial.

Irrelevance

Defendant seems to assert that the law is that an inventor disclosing two good ideas disentitles himself to protection of either. Rivoche sought to improve on Faitelowitz and Volpertas. One way was "frecze-squeeze", set out in his December 1939 specification. Another way was recognition of the importance of moisture limitation in the damp powder stage. This led to a 250-300% increase in adback over the Volpertas II proposal. This was described in his September 1939 specification. Thus the facts are that Rivoche was a prolific inventor; that he made another invention which for a time seemed the more valuable; and both inventions appear in the present patent. Though facts, all are irrelevant. As pointed out earlier, defendant's assertions that the adback claims are interlopers or new matter in the Rivoche patent in suit are contrary to the record. Note page A-2, infra.

Defendant sees something sinister in the fact that plaintiff in effect copied the claims of Rendle. Ever since 1793 (1 Stat. 318) the Patent Law has provided for the awarding of the patent to the prior of interfering applicants. The concept is simple. If two applicants disclose one invention, the prior inventor is awarded the claim. Rivoche disclosed the invention in a British application in September 1939 and this established his priority date. Rendle also disclosed the invention in a British application, filed in March 1942, though his priority date was 1943, since he missed his one-year "convention date" (R.S. 4887, now 35 U.S.C. § 119). In ordinary circumstances, Rivoche's application would have had to be on file here by September 1940. However, the invasion of France by the Nazis in May 1940 prevented this. The post-war Boykin Act allowed Rivoche and similar victims of World War II to file United States patent applications here and claim their earlier

filing dates as priority. This he did, and when the issue of priority was presented to it, the Patent Office decided it correctly. Mr. Fisher, Rivoche's attorney, acted within the applicable Patent Office Rule (now Rule 205).

Thus defendant has made a wholly gratuitous attack on two Patent Office Examiners by charging them with an "astonishing display of in-expertise" (99 D. B. 42). Presumably their "inexpertise" lay in not declaring an interference in which Rendle was precluded on the record from winning. The law does not require such useless acts.

VI. THE "INDISPENSABLE PARTIES"

In both defendant's briefs it is urged that a party is missing in the patent case. In 99 D. B. 64-66, the novel theory appears that plaintiff may not urge, as it did below (A-4, infra), that an assignment of an expired patent automatically conveys the right to sue for past infringement. In that brief, defendant also points out that plaintiff's title to Faitelowitz is dependent on certain Government documents which it alleges create a flaw in title without specifying what flaw or why. Was it that the Government returned its interest in a 75-25 percentage rather than 50-50? Or is defendant urging that the real indispensable party is the A. P. C. since he vested 125% and only returned 100%? In 00 D. B. 56-60, defendant cites Supreme Court and appellate decisions for the obvious proposition that in a suit for past infringement the owner of that right must be present. This brief, however, advances no reason why plaintiff is not that owner.

Defendant's contract counsel concludes from his analysis, that only Bunimovitch or his heirs are indispensable; patent counsel, that Volpertas and Rivoche also need be parties. This inconsistency indicates the insubstantiality of the entire issue.

VII. THE "OTHER" SIMPLOT LITIGATION
CITATIONS ARE PERTINENT

Defendant protests (00 D. B. 35) the citation of four cases because defendant appears in a bad light in each of them. Hence, it argues, the cases can have no bearing on the present proceeding other than to prejudice defendant before this Court. Plaintiff will not shed crocodile tears over defendant's plight nor suggest that it does not find a "plus" value in these citations because they involve defendant directly. Plaintiff insists, however, that they are directly relevant to refute affirmative positions argued by defendant about Simplot's telephone habits and his manner of embarking upon "a vast, costly contract and program" (00 D. B. 8). The bases for the citations given in Appellant's Main Brief seem not only sufficient, but prescient.

Further, it is hard to find two contract cases more closely in point than Rupe and Archer, complained of. Archer v. J. R. Simplot Company, 289 F.2d 596 (10 Cir. 1961) clearly shows the kind of unambiguous and categorical statement required by law (and used by defendant when it suited its purpose) to terminate an existing understanding. In J. R. Simplot Company v. Dallas Rupe & Son, Inc., 71 Nev. 111, 369 P.2d 445 (1962) four mortgage note acceptances were "subject to inspection", and "terms and conditions being worked out along the lines of previous telephone conversations". Note the similarity to the wording of the "Heads of Agreement" and Mr. Templeton's correspondence quoted in extenso (00 D. B. 9-13). Chief Justice Badt dismissed defendant's contention, made there as here, that its oral commitments were too vague to be binding, noting that plaintiff's expectations were not unreasonable. It is defendant's misfortune that this judicial bar to welshing casts it in the role of welsher.

VIII. THE CONTRACT

Introduction

The confusion with which defendant has sought to surround all aspects of this case, visible in its distortions of the record already specifically set right, is nowhere more apparent than in its misstatement of the issue of the "contract" case and its repeated commission in arguing that case of two familiar logical fallacies, the first of which is known technically as "affirming the consequent", or more popularly as "begging the question", and the second as "the fallacy of the false disjunctive". We shall allude to both presently.

The question for this Court is not whether it should accept the findings unless clearly erroneous (00D. B. 4-41). The real issue, as plaintiff has said, is whether the findings as read in the light of their business context and interpreted in light of the modern law of contracts require as a matter of law the conclusion which the trial judge reached.

The first legal issue in this case centers on the proposition, conceded by defendant's principal (PX 8, III-201), and found by the trial court (Finding VI), that the parties had reached a "deal" or an "understanding". Defendant begs the question when it asserts that no contract had been formed because all of the detailed terms had not been agreed upon. Plaintiff has always freely conceded that all the details had not been agreed upon. This is true in most large scale dealings involving fluid business arrangements and the modern law of contracts, recognizing these facts, stands ready to enforce both the flexibility and the obligation of these business arrangements.

"The trend of recent decisions indicates a policy of upholding contracts if a reasonable construction may be reached that the intention of the parties was mutually understood and readily may be ascertained." Haggerty v.

Warner, 115 Cal. App. 2d 468, 252 P. 2d 373, 375 (1953).
See also Power Service Corp. v. Joslin, 175 F. 2d
698, 702 (9 Cir. 1949) citing 1 Williston, Contracts, Rev.
Ed. Sec. 28.

The true issue then is whether the scope of the understanding led to the legal conclusion that the parties were in a contractual relationship. The determination of this legal issue is not hindered by the trial court's finding of fact. Quite the contrary, these findings point only in one direction, viz, that a contract had been formed. The trial court's so-called "finding" that no contract had been formed resulted from a mere assertion coupled with the erroneous understanding of the applicable law.

The second legal issue emphasized by defendant centers on its concept of "breach" of contract. On this issue it adopts the fallacy of the false disjunctive and makes the assumption that defendant's conduct must have been either fully consistent with its assumed obligation or was so fully inconsistent as to amount to a total breach of an immediate obligation.

Plaintiff will be the first to concede that defendant's conduct fell somewhat short of a punctilious and complete discharge of each of its obligations. The law, however, has recognized that "breach", like most concepts, comes in all gradations from none through partial to total, and in any application is often obscured by the passing events.

Plaintiff will now address itself, first to the actual areas of agreement, and, second to the legal implication of that agreement.

The Areas of Agreement

Defendant challenges (00 D. B. 15) the essential areas of agreement plaintiff sets forth (Main Brief, pp. 31-61). Taking the challenge in order:

A. Assertion: License under all U. S. patents.

Challenge: Plaintiff had no rights at that time.

Asserting that a fact does not exist does not make it cease to exist. Plaintiff has already refuted this in Sec. 1(b), supra. At the time plaintiff controlled the U. S. F-V-R patent rights.

B. Assertion: An obligation actively to perfect and protect those rights.

Challenge: This was not covered in the "Heads".

It is perfectly implicit that a licensor of an application will seek the full coverage to which he is entitled and that the owner of any property with a cloud on the title will seek to remove it.

C. Assertion: Refraining from Licensing another (R. T. French excepted) nationwide if defendant met certain conditions.

Challenge: R. T. French not mentioned; with co-owner the phrase meaningless.

Plaintiff contemporaneously asserted (PX 8, III-59) that R. T. French was discussed at Boise and nobody denied it. What the co-owner of one patent might have done is irrelevant to what F. M. S. proposed to do, i. e. not itself issue any further licenses under its rights.

D. Assertion: Refrain from licensing another in Idaho.

Challenge: Not covered in "Heads" - origin Troxell draft.

This first appears explicitly in Troxell's August letter (PX 8, III-119), not the December draft, and there was never any disagreement on this point.

E. Assertion: A most favored licensee position for defendant.

Challenge: Not in "Heads" - origin Troxell draft.

Plaintiff submits paragraph 2(h) of the "Heads" (PX 8, III-45) which provides for readjustment of royalty and arbitration of differences thoroughly covers this matter.

F. Assertion: A guarantee against infringement of the patents of others.

Challenge: Not in the "Heads" at all.

The "Heads" state "[F. M. S. will] accept all liabilities which may arise in connection with infringement." (PX 8, III-44).

G. Assertion: An assured license for the entire life of any licensed patents

Challenge: Plaintiff had no patents at this time.

This was refuted under A above.

Every argument by which defendant challenges the areas of agreement is groundless. It is, of course, clear that many areas of agreement asserted by plaintiff are unchallenged by defendant. Thus, for example, the parties are in agreement that a reasonable royalty was agreed upon. Hence, the applicability of the Uniform Sales Act seems to become moot. On this score, however, we note that defendant's argument is fundamentally defective where it asserts that a patent is a chose in action and is not a chattel personal. What is it then, a chattel real? It is horn book law that a chose in action is a form of chattel personal.

Defendant now tries to show non-agreement on basics by resort to the catalog of specific, and mostly plainly agreeable, details of the Troxell formal proposal (PX 8, III-149-165). In defendant's own words Mr. Troxell's role, like that of Messrs. Edmonds and Beale, was to "put into the contract the protective provisions that will insure to his client the benefits for which he has bargained" (00 D. B. 16). This is the very anthesis of remaking or aborting an agreement already made.

Advice of Defendant's Patent Counsel

Perhaps the quickest way to dispose of this matter is to ask:

What was there in the "Heads" that Mr. Beale found objectionable that was not present in the Troxell draft?

The answer is "nothing". Any differences present had nothing to do with the expertise of a patent attorney. Plaintiff notes that claim of privilege* has beclouded whether the patent advice was consistent and defendant chose to follow it only when expedient or whether that advice was as fluctuating as defendant's conduct.

Plaintiff stands by its contention that patent counsel's "objections" to the patents as inventions were insubstantial. Some fifteen years after his conversation with Edmonds (PX 8, III-110) defendant still fails to produce the alleged anticipating "Renner" patent. If Mr. Beale really thought the "Renner" patent was "Rendle" as defendant now claims it was (OO D. B. 37), plaintiff knows defendant was being capricious and arbitrary. Rendle (DX 17, I-134) was applied for 5 years after Faite-lowitz issued.

The discovery of the A. P. C. interest was substantial but if Mr. Beale advised that Simplot terminate the negotiations for that reason, his advice was not followed. By submitting the December 1949 Troxell draft, defendant clearly elected to retain its rights under all three patents and to pursue its right to an equitable modification in view of the changed circumstances. It may not now ask this Court to do what it chose not to do in 1949.

The present situation is not unlike that presented in Burch v. Baker Oil Tools, Inc., 71 F. 2d 31, (10 Cir. 1934) where the Court said:

"During these critical years Baker's conduct deprived Burch of an opportunity to market his patents with other manufacturers... Having done this [also using patents to frighten off competition] with full and exact knowledge of the patent situation, it may not cast off Burch when it conceives that his patents have served their purpose."

* Claim of privilege with respect to opinions conveyed to Simplot made by Mr. Beale by written motion filed July 26, 1961.

Mutuality of Obligation

Until now defendant has consistently maintained that the March 1949 meeting created no binding obligations. Now, however, in both briefs, 99 D. B. 57 and 00 D. B. 6, defendant attacks Templeton's subsequent conduct as bad faith. While the attack is transparently nonsense [Sec. I, (i), (j), (k) and (l), supra], the mere allegation that Templeton could have been guilty of bad faith dealings involves the assumption that he was under an obligation. Unless defendant is here urging replacement of the basic contract doctrine that if one is bound, both are bound, it is here finally admitting that both Templeton and Simplot were bound.

The Law

Defendant cites and quotes (sometimes twice over) numerous decisions of varying pertinency (or lack of it) to the issues. Significantly, no decision suggests that the matters relied on by plaintiff to constitute "essentials" of a patent license agreement (p. 29, supra), do not, and only three involve patent licenses.

In Core Laboratories v. Hayward-Wolff Research Corp., 50 Del. 565, 136 A.2d 553 (1958), the Court held that an agreement not to sue for a limited time did not amount to a royalty-free license. Duval Sulphur v. Potash Co., 244 F.2d 698 (10 Cir. 1957) involved repeated and unwavering refusals by defendant to accept or sign a license. The Court correctly observed that this did not amount to an implied license. Rubsam v. Harley Cloney Co., 117 F.Supp. 164 (E. D. Mich. 1957), aff'd 217 F.2d 353 (6 Cir. 1954), also involved, in the part defendant quoted, an implied license, said to exist in a certain disputed area between two parties concededly licensed in another area. As the opinion touches only the discord, it is impossible to say what, if any, elements were agreed on at any one time, or would have been regarded as essentials.

Defendant also cites Brothers v. Arave, 67 Idaho 171, 174 P.2d

essential, which was there in dispute, was whether the boundary of a plot of land being sold ran beside a house or two feet inside it.

Hale v. Dolly Varden Lumber Co., 230 P. 2d 841 (Cal. App. 1951), aff'd. 38 Cal. 2d 458, 241 P. 2d 4 (1952), was an appeal from a denial of a motion for change of venue. The Court held venue proper because laid at the place of performance, though in dictum it found against another theory of plaintiff there, that the place of making was where it alleged the contract became binding at the oral stage, since the Court found that plaintiff had admitted the oral understanding was not complete. It is significant that the Court observed:

"He [plaintiff] makes no attempt to define what [he means] by 'the essential terms of the contract' (230 P. 2d at 845)."

If this is the reason for defendant's reliance on this case, it is misplaced. Plaintiff here has set out what it believes were the essentials and defendant's attack on any area of these essentials of agreement is unconvincing. Defendant has signally failed to point out a single area which was both essential and in dispute.

Defendant's criticism of Pennsylvania Co. v. Wilmington Trust Co., ___ Del. Ch. ___, 166 A. 2d 726 (1960), aff'd. 172 A. 2d 63 (1961), is illuminating. The subject was a sale of the majority interest in the Toledo, Peoria and Western Railroad. The exchanged letters mentioned only the number of shares, price, approval by buyers' boards, and the I. C. C., and the fact that the railroad would continue to operate as an "independent organization". The seller continued to hold a minority interest and was extremely interested in who the new owners would be and how the railroad would run. See Pennsylvania Co. v. Wilmington Trust Co., 186 A. 2d 751 (1962). The proposed formal contract went

through three drafts. Defendant's position seems to be that formalizing the sale of a railroad is a mere scrivener's job which should have been done to everyone's satisfaction on the first draft while formalizing a patent license is so complex that it could in no wise become binding until the formal draft was executed.

Benefits Received

To use defendant's own phrase, it is rowing upstream with this argument. It asserts that the Court's Finding that plaintiff supplied defendant with "technical information of some benefit" (00 R. 49) is clearly erroneous. Yet Kueneman's letter of March 16 (PX 9, III-229) shows an abiding faith in the old freeze-thaw ways. Somebody during the next year enlightened defendant about granules. If all had been as clear as defendant now asserts, why had defendant made "minute potatoes" the year before?

Although defendant is so bewitched by language taken from Smoley v. New Jersey Zinc Co., 24 F. Supp. 294 (D. N. J. 1938) as to quote it twice in totidem verbis (00 D. B. 28 and 32), it chooses to ignore that there are three ingredients in every quasi-contractual recovery. Each has been met by appellant, viz. (1) non-officious conduct (2) done with a view to compensation which (3) conferred a benefit.

IX. LIMITATION OF ACTION

Introduction

The issue presented here is not whether defendant lived up fully to each of its contractual obligations. The issue rather is whether defendant committed an irrevocable and total breach of a presently due obligation or committed a series of partial breaches coupled with an unambiguous denial of its obligations under its "deal". Defendant's

argument that either its conduct was in full compliance or in total breach is thus fundamentally fallacious. The law of contracts has long recognized that the conduct of parties cannot always be placed in such "hot" or "cold" or "white" or "black" categories. Conduct is susceptible to doubt, like weather or temperature. If appellee were correct, we would have to say that a spring is either "hot" or "cold", whereas we know it can equally be "warm" or "chilly".

It is not otherwise with "breach". The law recognizes there are all gradations of breach and it also recognizes the issue is frequently in doubt. The Statute of Limitations was intended to protect an innocent man from paying a debt twice when records may have been lost and an avaricious creditor sought to take advantage of a lapse of time and memory. It was never intended to prejudice a good-faith party who sought to keep a contract alive by urging performance upon a balky opposite. To assume retroactively during the period from 1949 to 1956, while appellant continued to urge performance, that there was some precise moment in time when it became clear that appellee had "breached" is to indulge a fantasy and strip appellant of the protection which the law was expressly designed to provide.

The Defendant's Conduct

Plaintiff has already stated that had defendant in 1949 made an unequivocal statement of denial of a "deal" or "understanding", the contract suit would never have been brought. Or, had defendant wished to determine its obligation at law, it had a right to seek declaratory judgment thereof. However, defendant chose to take neither such forthright action. It chose rather the sheltered position of a free guest in the license club by speaking of "our deal on granular patents" (PX 8, III-201) while deferring the distasteful paying of dues (royalties) until its patent counsel

was "satisfied" with the patents (PX 8, III-199).

In an attempt to show "breach" sufficient to trigger the Statute of Limitations, defendant again distorts the record. Defendant says (00 D. B. 42) the three F-V-R patents were mutually exclusive, which is false (Sec. I(n), supra). From this it illogically concludes that plaintiff could have sued as holder of only two of the patents, while defendant was licensed under all three patents.

It is not true that plaintiff rejected (00 D. B. 43) the formal Troxell draft as a consequence of the confused title to Faitelowitz. What plaintiff objected to was first Mr. Beale's August overture that the royalties be contingent on full formal record title to Faitelowitz and on Rivoche's issuing in a form satisfactory to Simplot (PX 8, III-130) and second Mr. Troxell's December proposal that defendant have an extra year's free option to an exclusive position (PX 8, III-149-165).

Defendant falsely asserts the trial court found plaintiff had repudiated the understanding (Sec. I(d), supra) and that plaintiff's licensing of another in 1950 was at variance with the understanding (Sec. I(k), supra).

In an attempt to minimize the continuing negotiations between the parties, defendant states that Mr. Beale met with Mr. Templeton or his attorneys three times in seven years (00 D. B. 47). This is the truth, but not the whole truth.

"[Fisher] has had several meetings with Mr. Beale. They certainly seem to be going over things with a fine-tooth comb." (Scott to Simplot, July 1951, PX 8, III-197).

The trial court concluded that "breach" occurred when defendant went into production in 1951 or alternatively, when defendant was "openly critical" (00 D. B. 44) of Templeton's right to license others. While it is doubtful that either of these acts were of themselves even partial breaches, it is perfectly clear that in neither instance did defendant

unambiguously deny its "deal" and the consequent possibility that it too would fall in line and pay royalties when plaintiff was able to re-acquire the Faitelowitz patent. Thus plaintiff's cause did not then arise.

The Delayed Faitelowitz Revesting

Defendant asserts correctly that plaintiff was under an obligation to re-vest with reasonable diligence, but concludes wrongly it did not do so. Its conclusion that plaintiff did not proceed with reasonable diligence is undoubtedly caused by its unfamiliarity with the law. Why did it take seven years to re-acquire Faitelowitz? The answer is that on April 30, 1949, by an unfortunate coincidence, the time limit for making the claim expired, 50 U.S.C. App. § 33 (62 Stat. 1218). For the next five years, although bills were pending to extend the time for filing claims, none passed. Then on February 9, 1954, a bill was enacted allowing claims to be filed during the ensuing year (68 Stat. 7). After negotiating with Bunimovitch for his interest, the claim was filed within that year. Such delay as occurred after that is due solely to operations of the Federal Government. Plaintiff acted with reasonable speed.

X. LACHES

As to Patents

Defendant's argument (99 D. B. 59) conveniently ignores both the law and the facts. This Court said in Craftint v. Baker, 94 F.2d 369 (9 Cir. 1938), which defendant cites:

"Courts generally follow the analogous statute of limitations. . . . the burden is on defendant to show that extraordinary circumstances justify the application of the doctrine of laches (cases). There must be reliance on the delay resulting in a change of position. . . ."

50

Defendant ignores that it never renounced its position under the licenses. In 1952 Mr. Simplot wrote about "our deal on granular patents" (PX 8, III-201), and between July and November 1956, Mr. Beale again came to plaintiff's attorneys to discuss the license (PX 8, III-223, 224). License is a defense to infringement.

As to the Contract

Plaintiff reiterates its position that this plaintiff could not have successfully sued this defendant on the contract before 1956 when defendant for the first time announced it would not only pay no royalties to the non-owner of Faitelowitz, it would not pay to the owner of Faitelowitz. The charge of laches then must be limited to the three and one-half years between this pronouncement and the filing of suit.

Defendant cites Finucane v. Village of Hayden, ___ Idaho ___, 384 P. 2d 236 (1963), which states the elements of laches. Item three is:

"lack of knowledge by defendant that plaintiff would assert his rights."

Wherein is defendant's lack of knowledge? In the 1956 meeting where plaintiff's attorney requested defendant to sign a license, in the 1958 letter stating plaintiff had joined defendant in a Delaware suit (PX 8, III-226), or in 1959 when plaintiff sued for patent infringement a few months before filing suit on the contract?

While it is true that laches may in some circumstances occur in a very brief time, Chilburg v. City of Los Angeles, 54 C. A. 2d 693, 128 P. 2d 693 (1942), appellant does not find in that case any dispute between the parties over the plaintiff's title to the land between 1938 and 1941.

In Whitman v. Walt Disney Productions, Inc., 263 F.2d 229, 231 (9 Cir. 1958), cited by defendant, Judge Barnes reviewed ten years of total inaction by plaintiff and observed:

"His right to bring the suit at any time... is not questioned (emphasis Court's)."

In none of the other cases mentioned by defendant was there the element of inability to sue on the property in contention. While the language is appealing, it is inapplicable to a situation where the defendant never renounced its free membership in the license club (even if it did obliquely make an apparently unfulfilled offer to join others in an abortive revolt), where defendant was never in any doubt that plaintiff intended to enforce its right, where it made its pre-1956 investment without any attempt to resolve its position under patents it knew plaintiff was asserting against others in like position, and where plaintiff promptly began asserting its rights in and outside the courthouse, when the Faitelowitz patent revested.

XI. CONCLUSION

Nothing defendant has said in either brief weakens the basis for plaintiff's prior conclusion that this Court should enter judgment that the F-V-R patents are valid and have been infringed, and that defendant has breached agreement and should account to plaintiff.

Respectfully submitted,

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Washington, D. C.
April 14, 1964

A P P E N D I X

A-1

From Pages 450 and 451 of the Transcript
(See p. 5, supra.)

MR. BEALE: Will you agree with me that the present plaintiff, Templeton Patents, Limited, is a family corporation?

MR. LANGROISE: If your Honor please, I have not objected, but I cannot see that this is material, or the relevancy, or the competency, and it is not a subject of proper cross examination.

THE COURT: Maybe Mr. Beale has something in mind. I don't know what difference it makes in the lawsuit--maybe it does.

MR. BEALE: I think it is.

THE COURT: Is it?

MR. BEALE: When it goes to interest.

THE COURT: If it is admitted that the Plaintiff is a corporation, It couldn't make any difference who the stockholders are, could it?

MR. BEALE: If this is a family corporation, it does go to the interest of the principal shareholder.

THE COURT: I have suspected all through the testimony that he is very, very much interested in the outcome of the litigation. I don't think there is a doubt about it.

MR. BEALE: I wanted to show there is a financial interest.

THE COURT: I think that he would admit that. I don't think it makes any difference to the Court whether Mr. Simplot is the sole owner of the Simplot Company or whether Mr. Templeton is the sole owner of the Templeton Company. It has nothing to do with this lawsuit.

Rivoche U.S. Application as Filed
(See p. 10, supra)

Disclosure:

"... Finally the cooled cooked vegetable may be thoroughly mixed with a previously prepared dry powder of the same vegetable to produce a lower percentage moisture content than has the cooled cooked vegetable.

"... As a general rule, the moisture content of the material subjected to the final hot drying should preferably be 50% or less.

"In order to produce a material with the moisture content requisite for carrying out the final hot drying stage of the method, if the moisture lost in the cooking operation and during the subsequent cooling or freezing is not sufficient, the material may be treated by all or any of the methods described or by a combination of them in order to achieve a moisture content not exceeding 50% in the case of starchy vegetables...." (PX 3, II-18).

Claim 9:

"9. The method as claimed in any of the preceding claims, which comprises adding to the vegetable after cooking and prior to the hot air drying operation, a quantity of the dried product produced by practice of the method claimed... for the purpose of reducing the proportion of moisture in the vegetable." (PX 3, II-27).

FAITELOWITZ CLAIM APPLIED

<u>Claimed Steps</u>	<u>Main Brief Applies</u>	<u>Basis</u>
(a) Cooking the vegetables at a temperature which must not substantially exceed 100°C.	p. 97. Undisputed literal infringement.	The potatoes are steamed and water cooked (99 D. B. 26).
(b) Cutting the cooked vegetables into small pieces.	p. 97. Mashing is certainly the equivalent if not the literal step of...	Cited Steffen (DX 17, I-164). Defendant apparently agrees. (99 D. B. 36).
(c) Partially drying the pieces at a temperature which also must not substantially exceed 100°C. until they have lost at most about 60% by weight of their initial water content.)))))))	pp. 81-96. The description of the Faitelowitz invention and the heart of this appeal. Defendant infringes because it too predries under 100°C. and it too produces a moist powder before final drying.
(d) Reducing the partially dried pieces to the form of a moist powder.))	
(e) Further drying the moist powder, at a temperature which must not greatly exceed 80°C. until it has a water content of approximately 10-15% by weight.	p. 97. Undisputed literal infringement.	See 99 D. B. 26-27.

From Plaintiff's Trial Court Reply Brief
(See p.25, supra.)

It is eminently clear that all assignments in the Faitelowitz patent subsequent to the divestment by the Alien Property Custodian deal with an expired patent.* All of these assignments purpose to assign whatever right, title and interest the assignor had. Included by operation of law in the assignment of an expired patent is the right to sue for past infringement. Indeed, there is nothing else to transfer. 2 Walker, Patents (Deller's Ed. 1937), pp. 1405-6:

"An assignment of a patent after it expires is a nullity with respect to the transfer of a monopoly but will operate to transfer to the assignee the right to sue for past infringements. [Citing, *inter alia*, Tompkins v. St. Regis Paper Co., 226 Fed. 744 (N. D. N. Y. 1915), aff'd. 236 Fed. 221 (2 Cir. 1916) and Montgomery Palace Stock Car Co. v. Street Stable Car Line, 142 Ill. 315, 31 N.E. 434 (1892)]."

* Volpert to F. M. S. 1956, DX 16, Tab 8; Rivoche to F. M. S. 1956, DX 16, Tab 8; Bunimovitch to F. M. S. 1956, DX 16, Tab 9; and F. M. S. to Tempat 1958, DX 16, Tab 10.